

FISCAL NOTE

HB 260 - SB 265

April 9, 2001

SUMMARY OF BILL: Creates the Tennessee Forest Resources Conservation Act of 2001 which:

1. Requires a permit from the Commissioner of the Department of Environment and Conservation before a person may establish or expand a facility that uses pulpwood. Anyone conducting the following activities must apply for a permit and provide specific information on such application:
 - Anyone setting up or expanding a facility that uses pulpwood as a raw material; any proposed or existing chip mill facility with the capacity to use 80,000 tons of pulpwood resources in a year or more;
 - Any existing chip mill/facility which used 80,000 tons of pulpwood or more in the year 1999 or 2000 and is proposing to increase its capacity to 15,000 tons or more;
 - Any staging area, log or chip transfer facility or log loading operation transporting over 50,000 tons or more of whole logs going to a chip mill/pulpwood facility; any existing chip mill/pulpwood facility intending to increase its capacity use beyond an existing permit.
2. Requires the permit application to be accompanied by a fee of \$16,500 to defray the costs of the permitting process, including the forest resource study.
3. Requires the commissioner to:
 - send each member of the public and interested agencies who have requested information notification regarding applications filed within 10 days of receipt of an application for a permit. Notices of permit applications would also be posted on the internet web pages of the Department of Environment and Conservation. Comments on the permit applications may be submitted 35 days following the date of the notice application.
 - perform a forest resource review before approving or denying the application;
 - prepare a review report to evaluate the potential negative impact the facility would have on resources; potential negative impact on recreation and tourism; and the potential negative impact on public health and safety.
4. Allows the commissioner to enter into interagency agreements with the department of agriculture as may be necessary, and to shall coordinate all programs concerning forestry, soil and water protection and conservation and otherwise actively cooperate with the department of environment and conservation in carrying out the policies of this act.
5. Authorizes persons denied a permit or granted a conditional permit to request a hearing. Any person who submits comments on an application would also have a standing to request a hearing. Any hearings would be conducted pursuant to UAPA.

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ESTIMATED FISCAL IMPACT:**Increase State Revenues - \$231,000 - First Year****Less Than \$100,000 Second and Subsequent Years****Increase State Expenditures - \$272,800 First Year****Less Than \$100,000 Second and Subsequent
Years**

Estimate assumes:

- there are 5 mills that use or have the capacity to use 80,000 tons or more of pulpwood a year. Estimate assumes all 5 mills would require the permit. In addition, there are 9 "staging areas" that would require the permit. Estimate assumes the permit is one-time.
- the cost to perform the forest resource review, to enforce the provisions contained in the bill and to perform other activities required by the bill will increase state expenditures \$272,800 in the first year and less than \$100,000 in the second and subsequent years.
- cost includes one position and related expenses in the Department of Environment and Conservation to administer the program on an ongoing basis. Estimate further assumes the Department of Environment and Conservation will contract with the Department of Agriculture to perform the forest resource review. Each review is estimated to cost the Department of Agriculture an estimated \$16,200 to accomplish.
- 14 forest resource reviews will be conducted by the Department of Agriculture in the first year. After the initial year the number is estimated to decrease significantly, since applications would only be submitted for new businesses or expansions of existing businesses

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director